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CORPORATION FILE

S. H. KRESS & COMPANY

STATEMENT

YEAR 1939

EXECUTIVE AND BUYING OFFICES
114 FIFTH AVENUE
NEW YORK, N. Y.

MRB
CORP. FILE

S. H. KRESS

Balance Sheet, I

ASSETS

CURRENT ASSETS:			
Cash		$10,098,390.19	
Sundry debtors		56,371.34	
Inventories of merchandise, including merchandise in transit, at cost or market, whichever is lower		14,373,636.35	
			$24,528,397.88
U. S. GOVERNMENT SECURITES deposited in escrow under lease agreement (quoted market value $25,421.87)			25,507.81
LONG TERM LOANS AND ADVANCES TO LANDLORDS.			349,475.09
DEFERRED CHARGES TO FUTURE OPERATIONS:			
Prepaid insurance premiums		$ 275,845.58	
Deferred rental expenses, prepaid taxes, rent, etc.		117,429.43	
			393,275.01
CAPITAL ASSETS:			
Fixtures and equipment, at cost	$14,470,548.13		
Less—Reserve for depreciation	8,377,710.02		
		$ 6,092,838.11	
Leasehold and other improvements, at cost	$16,201,619.25		
Less—Reserve for amortization	5,230,774.81		
		10,970,844.44	
Land and buildings owned in fee, at cost in cash and capital stock	$37,698,515.64		
Less—Reserve for depreciation	4,911,860.18		
		32,786,655.46	
Goodwill, leaseholds, etc.		1.00	
			49,850,339.01
			$75,146,994.80

To the Stockholders of
S. H. Kress & Company:

We have examined the balance sheet of S. H. Kress & Company as of Dec ended, have reviewed the system of internal control and the accounting procedu have examined or tested accounting records of the Company and other supporti

In our opinion, the accompanying balance sheet and related statement o at December 31, 1939, and the results of its operations for the year then ended, consistent with that of the preceding year.

56 Pine Street,
New York,
January 30, 1940

& COMPANY

December 31, 1939

LIABILITIES

CURRENT LIABILITES:		
Accounts payable—trade creditors	$ 316,585.39	
Accounts payable—merchandise in transit..	1,393,388.43	
Accrued expenses and miscellaneous accounts payable	1,815,537.57	
Provision for Federal income and capital stock taxes	1,110,125.98	
		$ 4,635,637.37
CAPITAL STOCK AND EARNED SURPLUS:—		
Capital stock:		
Special preferred stock—6% cumulative:		
Authorized—1,000,000 shares of $10 each..... $10,000,000.00		
Issued—911,976-6/40 shares	$ 9,119,761.50	
Common stock without par value:		
Authorized—2,678,787 shares		
Issued or reserved for exchange of old stock—2,357,574 shares.....	48,511,252.92	
	$57,631,014.42	
(Common stock reserved for sale to employees—68,434 shares)		
Earned surplus, per statement attached....	14,910,990.62	
	$72,542,005.04	
Less—Cost of 191,084 shares of special preferred stock ($1,912,130.73) and 5,900 shares of common stock ($118,516.88) reacquired and held in treasury.....	2,030,647.61	
		70,511,357.43
		$75,146,994.80

ember 31, 1939, and the statement of profit and loss and surplus for the year then
ures of the Company and, without making a detailed audit of the transactions,
ng evidence, by methods and to the extent we deemed appropriate.
f profit and loss and surplus present fairly the position of S. H. Kress & Company
in conformity with generally accepted accounting principles applied on a basis

PRICE, WATERHOUSE & Co.

S. H. KRESS & COMPANY

Statement of Profit and Loss and Surplus for the Year ending December 31, 1939

GROSS SALES		$84,851,372.63
Cost of merchandise sold, taxes and other operating expenses (including amounts charged to owned stores as rental)	$78,378,943.72	
Provision for depreciation and amortization	2,298,473.52	
		80,677,417.24
Profit from operations, before providing for Federal income taxes		$ 4,173,955.39
Add:		
Amount charged to owned stores as rental (included in operating expenses above)	$ 1,393,921.49	
Rentals received from other tenants	294,687.79	
Interest received (net)	13,168.15	
Profit on sale of U. S. Government securities	3,137.50	
		1,704,914.93
		$ 5,878,870.32
Deduct—Provision for Federal income taxes		915,000.00
NET PROFIT FOR YEAR, CARRIED TO SURPLUS		$ 4,963,870.32
Earned surplus at January 1, 1939		14,142,130.65
		$19,106,000.97
Dividends paid:		
On common stock ($1.60 per share)	$ 3,762,678.40	
On special preferred 6% cumulative stock (60c per share)	432,331.95	
		4,195,010.35
EARNED SURPLUS AT DECEMBER 31, 1939		$14,910,990.62

* * * * *

Various Federal, state, and municipal taxes for the year 1939 amounted to $4,135,522, or an average of $17,231 per store in operation at close of the year.

The Company operated a total of 240 stores at the end of the year.